



## EF 8AM Tactical Growth Portfolio

1 July 2020

### INVESTMENT AIMS

The objective of the Fund is to provide long term capital appreciation. It aims to achieve this by targeting returns from a wide variety of asset classes without inducing excessive volatility.

### PERFORMANCE (CLASS A) (Alastair George takes over as Fund manager 30.08.2012)

|                 | 6 m    | 1 yr  | 3 yr  | 5 yr   | YTD    |
|-----------------|--------|-------|-------|--------|--------|
| Tactical Growth | -6.86% | 0.65% | 8.79% | 29.23% | -6.86% |
| Sector          | -4.04% | 0.24% | 8.40% | 29.45% | -4.04% |

### DISCRETE YEAR PERFORMANCE

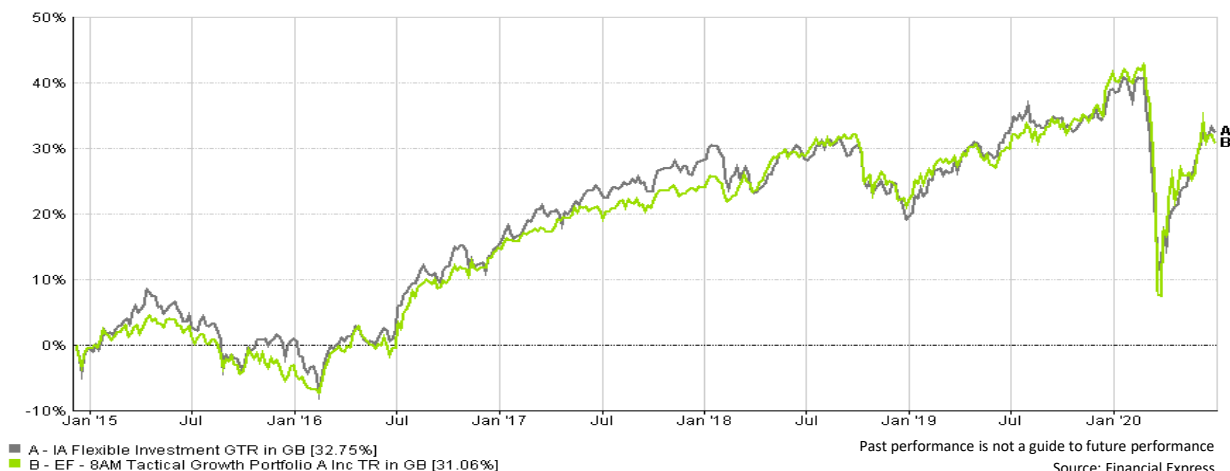
|      | Fund   | Sector |
|------|--------|--------|
| 2015 | -2.99% | 2.07%  |
| 2016 | 18.97% | 13.83% |
| 2017 | 8.34%  | 11.21% |
| 2018 | -1.85% | -6.72% |
| 2019 | 15.14% | 15.57% |

Source: Financial Express to 30.06.20. Sector is the IA Flexible Investment GTR in GB.

### KEY FACTS

|                      |                                                  |
|----------------------|--------------------------------------------------|
| Fund Manager         | Alastair George                                  |
| IA Sector            | Flexible Investment                              |
| ISIN                 | GB00B9C65S15 (Class A)<br>GB00B3KQYX95 (Class R) |
| Fund Size            | £16.26m                                          |
| Launch Date/ Price   | 02.02.09 at 100p                                 |
| Vehicle Type         | UK OEIC                                          |
| Unit Type            | Income                                           |
| ISA Eligible?        | Yes                                              |
| OCF                  | 1.36% (Class A)                                  |
| Initial charge       | 0% (Class A)<br>up to 5% (Class R)               |
| Price (NAV)          | 126.30p (Class A)<br>141.72p (Class R)           |
| Dealing Day and Time | Daily at 12 noon                                 |
| Year End             | 30th June                                        |
| Income Allocation    | 31st Aug, 28th Feb                               |
| Minimum Investment   | £1,000 (Class A)                                 |
| Base Currency        | Sterling                                         |
| Pricing Basis        | Forward/Single Price                             |

### PERFORMANCE %



### CONTACT DETAILS

Issued by 8AM GLOBAL LLP, which is authorised and regulated by the Financial Conduct Authority ("FCA"). If you have any doubt as to whether the EF 8AM Investment Funds are suitable for you and you wish to receive advice, you should consult a financial advisor. Further information can be obtained from:

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## FUND MANAGER COMMENTARY

Tactical Growth recorded a gain of 0.90% during June.

We have continued to carefully monitor the evolution of the coronavirus epidemic. With the notable exception of certain US states, governments are shifting away from lockdowns towards less intrusive measures to control the spread of COVID-19. This could be described as “muddle-through” but it is the scenario which would enable most of the economy to re-open, provided case numbers remain tolerably low.

According to our estimates, equity valuations may have run ahead of the events on the ground in the short-term. Nevertheless, continued progress in re-opening the global economy now appears likely to sustain positive market sentiment. Therefore, we have moved to a neutral view on the outlook for global equities. However, given the strength of the rebound in valuations to date, we believe markets are likely to be range-bound during the remainder of the summer, even as COVID-19 control measures continue to ease.

The rapidity of the stock market recovery may at first sight appear at odds with bond market pricing, where yields have remained much lower than at year-end. However, in a world where central banks effectively dictate term yields through forward guidance and asset purchases, we believe currently low yields are less a reflection on the outlook for growth as they are for the stated intentions of the major central banks. The underperformance of the banks and insurance sectors during the rally is consistent with this view.

Daily coronavirus infections are in decline in most developed nations, with the notable exception of the US, while the reduction of 150bps in US interest rates across the yield curve together with expanded central bank balance sheets globally is here to stay. As infection rates decline, it is a scenario of rapid recovery and lower risk-free rates, less the residual damage from the impact of public health measures which markets are factoring in.

Furthermore, new academic research on the susceptibility of the population to COVID-19 is shifting the public health debate, with clinical data indicating that a significant number of people may have a degree of T-cell immunity to COVID-19 from exposure to other coronaviruses. This bodes well for the success of the current re-opening strategies in Europe.

Importantly for markets, the political focus has moved towards re-opening the global economy, but with sufficient public health protection measures in place to minimise the risk of a second major outbreak, pending a vaccine in 2021. In the interim, we do not expect cases to decline to zero and as such this represents a “muddle-through” scenario. Masks, plastic screens and hand sanitiser have become an accepted if unwelcome prequel to social activities.

Global sector valuations highlight the extent of the rebound in markets in recent weeks and demonstrate that markets are fully up with, if not ahead of these positive events. In particular, the global technology sector is now trading at an all-time price/book high for the past 5 years. Similarly, sectors perceived as defensive such as pharmaceuticals have also strongly outperformed the overall market year-to-date and are also trading at the top of previous valuation ranges. Tactical Growth has benefited from its holdings in these sectors.

Given the societal progress being made in adapting to a post-COVID environment, it is in our view now rational to look through the collapse in near-term earnings, but strictly where the longer-term investment case is unimpaired by behavioural changes such as the surge of online commerce or new working from home trends. For valuation calculations some of the near-term earnings damage is also offset by lower long-term real interest rates.

### Looking forward to a post-COVID future

We fully understand that many investors and advisers may feel whipsawed by equity markets over the past two quarters. Yet at present, outside the US, infection rates are in decline and the political focus has shifted towards re-opening the economy. Economic activity is therefore likely to continue to improve over the remainder of 2020 while fiscal stimulus continues and interest rates remain low. Based on previous experiences post-2009, in the absence of inflationary pressure central banks are likely to withdraw monetary stimulus only very cautiously and gradually, especially given the proportionally greater COVID-19 impact on the SME sector and unemployment. As a result, global equity valuations are likely to remain supported.

Following the recovery in equity valuations, which are likely to cap the short-term return potential during H220, and in the absence of a specific downside trigger we now maintain a neutral outlook on global equities. National economies continue to re-open and purchasing managers' survey data is on an improving trend globally. Furthermore, the risk of economically significant lockdowns is diminishing and a vaccine program is within sight for early 2021. It may now be time to place coronavirus amongst the other opportunities and risks on the investment horizon.

Tactical Growth is now down 6.86% year to date, which represents less than one-half of the loss recorded by the UK equity market over the same period.

Sources: All performance figures - Financial Express to 30.06.20

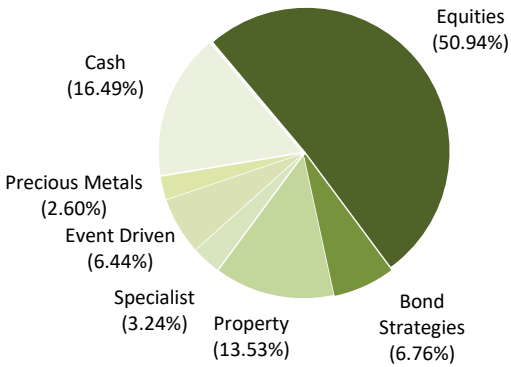


## TOP TEN HOLDINGS

| Fund Name                               | Asset Class     | %     |
|-----------------------------------------|-----------------|-------|
| Cash                                    | Cash            | 16.49 |
| Bayer AG-REG                            | Equities        | 4.09  |
| Alphabet Inc                            | Equities        | 3.15  |
| Astrazeneca Plc                         | Equities        | 3.12  |
| Sequoia Economic Infra. Income Fund Ltd | Bond Strategies | 3.12  |
| Scout24 AG                              | Event Driven    | 3.11  |
| Supermarket Income REIT Plc             | Property        | 3.11  |
| Adidas AG                               | Equities        | 2.88  |
| Secure Income REIT Plc                  | Property        | 2.86  |
| Hipgnosis Songs Fund Ltd                | Specialist      | 2.85  |

Source: 8AM GLOBAL LLP to 30.06.20

## ASSET ALLOCATION



Source: 8AM GLOBAL LLP to 30.06.20

## WHY INVEST?

- Target return 7%<sup>#</sup> per annum (net of fees).
- Provides exposure to traditional value-based equity investment.
- Provides diversified exposure to a variety of hedge and absolute return strategies but crucially at a fraction of the cost.
- Unconstrained asset allocation allows increased flexibility (subject to Fund's investment powers).

<sup>#</sup>Target return estimates should not be considered a reliable indicator of future performance.

## SUITABILITY

An investor who is comfortable with holding a significant proportion of their portfolio in higher risk investments in order to have the opportunity for a greater investment return.

An investor who is prepared to accept investment losses in the short term in order to achieve potentially greater investment returns over the longer-term. The portfolio will be subject to fluctuations in value.

## AVAILABILITY

The portfolio is available direct and via:

|                          |                       |                           |
|--------------------------|-----------------------|---------------------------|
| Aegon Retirement Choices | AJ Bell               | Ascentric/Funds Direct    |
| Aviva                    | AXA IOM               | Canada Life International |
| Embark                   | Fidelity              | Fusion                    |
| James Hay                | Merchant Investors    | Novia                     |
| Nucleus                  | Old Mutual Wealth     | Prudential                |
| Scottish Widows Intl     | Standard Life Elevate | Standard Life             |
| Transact                 | Zurich                |                           |

## IMPORTANT INFORMATION

This document has been produced for information only and represents the views of 8AM GLOBAL LLP at the time of writing. It should not be construed as Investment Advice. No investment decisions should be made without first seeking advice. Full details of the EF 8AM Investment Funds, including risk warnings, are published in the EF 8AM Investment Funds Prospectus. Advisers and investors should note that the sub-funds of EF 8AM Investment Funds ("the Fund"), as contained in the Fund's full Prospectus are not registered for promotion in any jurisdiction outside of the United Kingdom. Advisers will need to ensure that they are not contravening any local rules if they recommend investment into the sub-funds to investors resident outside of the United Kingdom. WAY Fund Managers Limited is the Authorised Corporate Director (ACD) of the EF 8AM Tactical Growth Portfolio and is authorized and regulated by the Financial Conduct Authority. Registered office as above.

## RISK WARNINGS

The EF 8AM Investment Funds, are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money that you have invested. Investments in overseas equities may be effected by changes in exchange rates, which could cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by Initial Charges, so you should regard your investment as medium to long term. Past performance is not a guide to future performance. Every effort is taken to ensure the accuracy of this data, but no warranties are given.